



JANICE K. BREWER
GOVERNOR

Arizona Department of Corrections

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CHARLES L. RYAN
DIRECTOR

August 12, 2010

CONFIDENTIAL

Al Murphy
Management & Training Corporation
Vice President, Regional Operations
Corrections
500 N. Market Place Drive
Centerville, Utah 84014

Dear Mr. Murphy:

The preliminary security assessment enclosed is a draft report. It is not the final report; therefore, it is not a public record at this time.

Based upon this assessment and the observations of the Arizona Department of Corrections (ADC) Security Operations team it is quite obvious that Management & Training Corporation (MTC) was negligent in the performance of its duties. This failure to perform satisfactorily resulted in the escape of three inmates on July 30, 2010.

Based on the findings in this report, MTC shall make the following corrections immediately. These corrective actions shall be made at the expense of MTC.

- Assess and repair the perimeter alarm system
Calibrate and certify the system immediately
Train MTC staff to operate the system
Contract or train technicians to operate and maintain the system
- Assign four (4) static and mobile perimeter patrols for the Hualapai Unit.
- Assign two (2) perimeter patrols for the Cerbat Unit.
- Curtail inmate movement and implement a controlled movement plan that complies with ADC policy for medium custody.

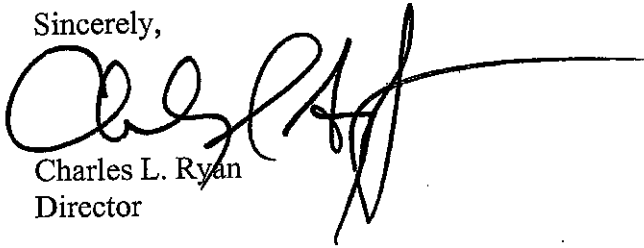
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MTC shall operate its Arizona private prisons in full compliance with ADC policies and procedures. You are directed to take the corrective actions outlined above immediately. You must also identify and hold those staff who contributed to this incident accountable.

In closing, in the interest of putting these concerns into your hands as quickly as possible, we have also not yet determined what other operational and security concerns exist, and are advising you that we do not waive our contractual rights and are still considering what to invoke in the future.

It is my expectation that you will provide me with a complete corrective action plan to address each deficiency noted in the enclosed report in a face-to-face meeting in Phoenix by no later than August 17, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles L. Ryan', with a long horizontal line extending to the right.

Charles L. Ryan
Director

cc: Robert Patton, Division Director, Offender Operations
Wade Woolsey, Regional Operations Director - Privatization
Denel Pickering, Procurement Officer
File